

**House File 690 - Introduced**

HOUSE FILE 690

BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO HF 636)

(SUCCESSOR TO HF 413)

**A BILL FOR**

1 An Act relating to urban revitalization areas by authorizing  
2 a property tax exemption for certain vacant commercial  
3 property, and including effective date provisions.  
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 404.3, subsections 5 and 6, Code 2011,  
2 are amended to read as follows:

3 5. A city or county may adopt a different tax exemption  
4 schedule than those allowed in subsection 1, 2, 3, or 4. The  
5 different schedule adopted shall not allow a greater exemption,  
6 but may allow a smaller exemption, in a particular year,  
7 than allowed in the schedule specified in the corresponding  
8 subsection of this section. A different schedule adopted by a  
9 city or county shall apply to every revitalization area within  
10 the city or county, unless the qualified property is eligible  
11 for an exemption pursuant to section 404.3A, ~~or~~ 404.3B, or  
12 404.3C, and except in areas of the city or county which have  
13 been designated as both urban renewal and urban revitalization  
14 areas. In an area designated for both urban renewal and urban  
15 revitalization, a city or county may adopt a different schedule  
16 than has been adopted for revitalization areas which have not  
17 been designated as urban renewal areas.

18 6. The owners of qualified real estate eligible for the  
19 exemption provided in this section or section 404.3A, ~~or~~  
20 404.3B, or 404.3C shall elect to take the applicable exemption  
21 or shall elect to take the applicable exemption provided in  
22 the different schedule authorized by subsection 5 and adopted  
23 in the city or county plan if a different schedule has been  
24 adopted. Once the election has been made and the exemption  
25 granted, the owner is not permitted to change the method of  
26 exemption.

27 Sec. 2. NEW SECTION. **404.3C Vacant commercial property**  
28 **exemption.**

29 1. Notwithstanding the schedules provided for in sections  
30 404.3 and 404.3B, a city or county may provide that all  
31 qualified real estate assessed as commercial property that is  
32 vacant on the date the exemption is adopted, has been vacant  
33 for at least the six months prior to the date the exemption  
34 is adopted, and meets one or more of the following conditions  
35 is eligible to receive an exemption from taxation based on a

1 schedule established by the applicable city or county under  
2 subsection 2 or 3:

3     *a.* The real estate regularly attracts unauthorized  
4 residential use, unlicensed transient business, unauthorized  
5 disposal of trash, or unauthorized parking.

6     *b.* The assessed value of the real estate has declined during  
7 the period of time when the real estate has been vacant.

8     *c.* The real estate is determined to contain one or more  
9 nuisances under chapter 657 or to be a public nuisance as  
10 defined in section 657A.1, subsection 7.

11     2. *a.* All qualified real estate described in subsection 1  
12 is eligible to receive an exemption from taxation on the actual  
13 value added by the improvements. The exemption is for a period  
14 of fifteen years. The amount of the partial exemption shall  
15 be established by the applicable city or county and is equal  
16 to a percent of the actual value added by the improvements,  
17 determined as follows:

- 18     (1) For the first year, not more than eighty percent.
- 19     (2) For the second year, not more than seventy-five percent.
- 20     (3) For the third year, not more than seventy percent.
- 21     (4) For the fourth year, not more than sixty-five percent.
- 22     (5) For the fifth year, not more than sixty percent.
- 23     (6) For the sixth year, not more than fifty-five percent.
- 24     (7) For the seventh year, not more than fifty percent.
- 25     (8) For the eighth year, not more than forty-five percent.
- 26     (9) For the ninth year, not more than forty percent.
- 27     (10) For the tenth year, not more than thirty-five percent.
- 28     (11) For the eleventh year, not more than thirty percent.
- 29     (12) For the twelfth year, not more than twenty-five
- 30 percent.
- 31     (13) For the thirteenth year, not more than twenty percent.
- 32     (14) For the fourteenth year, not more than twenty percent.
- 33     (15) For the fifteenth year, not more than twenty percent.

34     *b.* All qualified real estate described in subsection 1 is,  
35 in lieu of the exemption schedule established under paragraph

1 "a", eligible to receive an exemption from taxation established  
2 by the applicable city or county not to exceed one hundred  
3 percent on the actual value added by the improvements. The  
4 exemption is for a period of five years.

5 3. All qualified real estate described in subsection 1  
6 is, in lieu of the exemption schedules under subsection 2,  
7 eligible to receive an exemption from taxation on the actual  
8 value added by the improvements if such improvements meet or  
9 exceed standard 90.1-2007, published by the American society  
10 of heating, refrigerating, and air conditioning engineers,  
11 by thirty percent. Compliance with the requirements of  
12 this subsection relating to standard 90.1-2007, published  
13 by the American society of heating, refrigerating, and air  
14 conditioning engineers, shall be certified by a qualified,  
15 licensed engineer. The exemption is for a period of ten  
16 years. The amount of the exemption shall be established by  
17 the applicable city or county and is equal to a percent of the  
18 actual value added by the improvements, determined as follows:

- 19 a. For the first year, not more than one hundred percent.
- 20 b. For the second year, not more than one hundred percent.
- 21 c. For the third year, not more than one hundred percent.
- 22 d. For the fourth year, not more than one hundred percent.
- 23 e. For the fifth year, not more than one hundred percent.
- 24 f. For the sixth year, not more than eighty percent.
- 25 g. For the seventh year, not more than sixty percent.
- 26 h. For the eighth year, not more than forty percent.
- 27 i. For the ninth year, not more than twenty percent.
- 28 j. For the tenth year, not more than ten percent.

29 Sec. 3. EFFECTIVE UPON ENACTMENT. This Act, being deemed of  
30 immediate importance, takes effect upon enactment.

31 EXPLANATION

32 This bill relates to urban revitalization areas by  
33 authorizing a property tax exemption for certain vacant  
34 commercial property.

35 The bill creates new Code section 404.3C that establishes

1 a property tax exemption for qualified real estate of a  
2 revitalization area under Code chapter 404 that is assessed  
3 as commercial property, remained vacant for a period of six  
4 consecutive months, and which meets one or more specified  
5 conditions. Those conditions include that the real estate  
6 regularly attracts unauthorized residential use, unlicensed  
7 transient business, unauthorized disposal of trash, or  
8 unauthorized parking; that the assessed value of the real  
9 estate has declined during the period of time when the real  
10 estate has been vacant; and that the real estate is determined  
11 to contain one or more specified nuisances.

12 The bill establishes a 15-year exemption schedule that  
13 provides exemptions for each year ranging from not more than 80  
14 percent to not more than 20 percent. The bill also establishes  
15 a five-year exemption schedule, in lieu of the 15-year  
16 schedule, that provides a 100 percent exemption for each of  
17 the five years. For qualified real estate that includes  
18 improvements meeting or exceeding certain standards established  
19 by the American society of heating, refrigerating, and air  
20 conditioning engineers, the bill provides an alternative  
21 10-year exemption schedule that begins with a 100 percent  
22 exemption for the first five years and then is reduced each  
23 year during the last five years of the exemption.

24 The bill takes effect upon enactment.